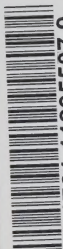


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STATEMENT TO

FEDERAL-PROVINCIAL AGRICULTURAL CONFERENCE

November 20, 1962

Canadian Federation of Agriculture

111 Sparks Street

Ottawa

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CANADIAN FEDERATION OF AGRICULTURE
STATEMENT TO
FEDERAL-PROVINCIAL AGRICULTURAL CONFERENCE

NOVEMBER 20, 1962

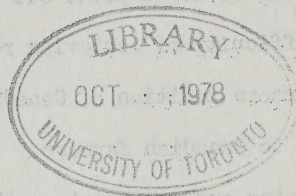
The Canadian Federation of Agriculture is appreciative of the improved conditions of markets and prices for grain and livestock at the present time, which are reflected in the farmer's income position. It is also appreciative of the progress being made in agricultural policy in Canada. Yet at the same time it feels bound to point out that the cost-price squeeze and the resulting great difficulty of achieving really substantial and basic improvement in the income position of Canadian agriculture continue to be very real facts of life to Canadian farmers.

Our purpose in opening our statement on this note is to emphasize the continuing need for farmers and government to bend every effort toward developing constructive policy that gives hope of steadily, if not spectacularly, improving the position. The case is as strong as it has ever been for governments to recognize that the farm industry is a disadvantaged one.

The search for measures to improve the farmer's opportunities and position must be a continued, active concern of government. Nor is there any need for apologies or embarrassment over government decisions to spend money in the interests of the farm industry where such expenditures, even in quite substantial amounts, seem necessary and justified for reasons of equity, and for reasons of promoting the healthy economic development of the industry. In

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fact most if not all such expenditures are ultimately as much in the interests of the consumer and the general economy as they are in the interests of the farmer. This is particularly so when a lagging economy and unemployment reduce alternative opportunities for farmers and create a particularly strong case for giving a stimulus to the economy through well-considered government expenditure.

National Agricultural Policy

In recent years, considerable progress has been made toward developing new and improved government policy for Canadian agriculture. Notable examples are the Farm Credit Act and ARDA. At the same time we believe there has been a steady growth in better understanding of the nature of the agricultural problem that holds out hope for the future. Farmers and governments are increasingly aware, too, that massive changes in the structure of the world economy have taken place, with more in prospect. The Common Market is the outstanding example of a tremendously significant change which has taken place. President Kennedy's Trade Expansion Act, along with the possible enlargement of the Common Market to include Britain and other European Countries, are the outstanding examples of new developments in prospect. The enlargement of trading opportunities outside the traditional Atlantic area is another real possibility.

In the field of farmer self-help action there have been important developments in Board and co-operative marketing and supply, and tremendous concern is felt about new currents of change in the integration of the organization of agricultural production and marketing. Yet it is true to say that there has been too little progress toward

adopting bold new initiatives in the organized marketing of farm products, especially on a national basis. The industry here that comes most quickly to mind is the dairy industry.

In the development of organized marketing of farm products, the primary role and responsibility should be the farmers. But there is no doubt that, in degrees varying with the product concerned, the role of government must be one of partnership with farm organization in farm programs. In Canada we have been successful to a marked degree in developing working partnerships between government and farmers in agricultural programs and policy, and in the future such a partnership relationship will require to be developed more fully.

The need, undoubtedly, is today for a more fully co-ordinated, planned approach to agricultural policy. Sufficient of the main tools for carrying out an agricultural policy are now developed in Canada that in our view it is time to look seriously at the possibility of new, integrated, approaches to our problems.

In this connection, and to such a Conference as this, it is worth noting that agriculture is one of the areas that constitutionally is a concurrent responsibility of Federal and provincial governments. National agricultural policy is therefore in a particularly good position to benefit from the development of special techniques and institutions for co-ordination and joint action between Federal and provincial authorities.

We believe too that in framing national agricultural policy from now on we must more clearly define and develop the role and place of farm organization, not only in the concrete fields of marketing and distribution,

but in the fields of education, consultation and in general participation in the growth and development of rural society.

A "Rule of Law" in International Agricultural Trade

There are a number of specific areas of interest that we propose to touch upon in this statement, notably the dairy problem, grain export policy, feed grain policy, branch line abandonment policy, agricultural education and ARDA. However, the Canadian Federation of Agriculture feels strongly that while it is difficult to be specific and concrete about it at this stage, the question of policy in the field of international agricultural trade is an extremely important and indeed urgent one. We believe moreover that policy in international trade in farm products has vital and direct connections with the problems of domestic agricultural policy and the problem of overall co-ordination of farm policy. It is on this subject, therefore, that we propose to make a few observations.

The Federal Minister of Agriculture has stated that he favours a "rule of law" in the international marketing of agricultural commodities. The Canadian Federation of Agriculture fully endorses this concept, looking as it does to international consultation and agreement as the fundamentally sound basis for stable and expanding world trade and prices of agricultural products.

To accept this concept, however, and to take it seriously, carries with it very great implications for both national agricultural policy in Canada, and for Canada's general international trade and economic policy.

Agreement on the terms, conditions and flow of international trade in farm products can only be achieved if all parties to each agreement

believe the agreement is in their interests. This is not an impossible goal. But it is nearly so unless specific commodity agreements are negotiated against a background of broad understanding and mutual agreement on basic policy.

This broad understanding and agreement must be reached in connection with the following:

- the intent and direction of national agricultural policy in the countries participating in agreement.
- the place of the participating countries in the total agricultural trade picture; no one commodity question can be looked at entirely in isolation, although each commodity must be dealt with separately.
- the role of food in programs of aid to developing nations.
- broad trade objectives, not only for agricultural, but for all products.
- the degree of success reached in achieving prosperous and growing national economies.

In short, pursuit of the rule of law in international agricultural trade can best, perhaps can only, develop in a context of well-thought out, consistently pursued domestic farm policy and international trade policy. Conversely, it can be argued, with great weight, that certain objectives of national policy can really only be successfully given an international rule of law.

For example, it is likely that the best way to bring really adequate order and stability into the farm industry is through a much more comprehensive development of orderly marketing on a national scale. The objective of learning to regulate marketings to balance supply and demand

in reasonable fashion, and thus avoid instability and surplus problems, is believed by many farmers to be a sound long-term goal. It is the policy of the Canadian Federation of Agriculture that through co-operative action and producer marketing boards this should be done.

We are not thinking in rigid terms here. New and special programs and legislation may sometimes be called for in case of particular commodities. New general Federal marketing legislation may well be required. The role of government will need close attention at all times. At a recent meeting of the Executive of the International Federation of Agricultural Producers the general consensus seemed to be that the agricultural world had little choice but to move in the direction of control through regulated and quota marketing.

But this same meeting of international farm leaders also felt strongly that production or marketing controls could be fully effective, and just to producers in various countries, only if based on international agreement.

The conclusion to be drawn from all this is, we think, that the next big job ahead, and an urgent one, is to begin to develop national agreement on the broad objectives of our national agricultural policy, in a co-ordinated way that takes into account, particularly, the objectives of our international trade policy, the role of international commodity agreements, and the kind of national agricultural policy that is needed to complete the total picture.

An Agricultural Development Board

An analysis of the interrelatedness of farm policy could be carried much further if time allowed. A few examples, however, are possible:

- it is difficult to direct and shape national agricultural policy soundly without a world food policy - that is - a clear conception of the place of food in foreign aid.

- marketing board policy involves real decisions as to the pattern of agricultural production and land holdings, and so do programs of farm credit or of rural development.

- any degree of direction and planning in agriculture raises questions of policy respecting regional agricultural development, and these questions, in turn, cannot be answered in isolation, but must take into account the total economic picture in each region; and important social and political consideration.

- decisions as to expenditures by government in the interests of agriculture should be related not only to the immediate needs of producers who are particularly hard pressed - although this is not only a proper but an essential consideration. But also they should be designed to be as far as possible consistent with longer-term goals for the agricultural economy as a whole. It might be suggested further that overall budgets for agricultural assistance and programs, many of which are of real benefit to the public and the national economy, might well be related to the income position of agriculture, and the degree to which that position falls short of providing returns to producers commensurate with their work and investment.

We are under no illusions as to the complexity and difficulty of developing a more fully co-ordinated national agricultural policy. Nor are we implying criticism, certainly not more of government than of farmers' organizations. But it is the very difficulty and complexity of the problems, and the quite frightening rapidity of change, that leads us to believe that

much more comprehensive, integrated and long-term concepts of our national agricultural policy must be developed.

This raises the question of how we are to go about developing such concepts and agreement. In this connection we wish to put forward, tentatively, a proposal for establishing a National Agricultural Development Board.

We are making this proposal tentatively because it is our intention that it be discussed extensively at the forthcoming annual meeting of the Canadian Federation of Agriculture. It is a question that deserves much careful thought and at this time we can only say with confidence that a real need exists for moving forward more effectively the development of national agricultural policy. Whether a Development Board would meet the need, and precisely how it should be constituted and operated, remains to be examined.

In the interests of initiating discussion on the question, however, may we put forward some general suggestions on the nature and functions of such a Board. It would be a body advisory to the government through the Minister of Agriculture, but it would be much more than this. It would be a forum for examination and discussion of the many-sided problems of agricultural policy. It would be staffed with its own small but competent secretariat. It could issue information and analysis on the agricultural situation, in an objective form, for assisting and stimulating examination of agricultural policy problems. It would conduct its own affairs, and would be a body representative of farmer interests.

It might very well be that specialized advisory committees would be committees of the Development Board, as a means of co-ordination of policy. We refer here to committees like the agricultural stabilization advisory committee and the advisory committee to the farm credit corporation.

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Dairy Policy

No commodity problem illustrates better than does the dairy problem the need to consider commodity questions in relation to an overall concept of national agricultural policy. Dairy industry policy is a vexed question and it is no secret that at the present date neither this organization nor any other agency responsible for carrying out or recommending policy has a ready answer to it.

A national dairy policy needs to embrace many aspects: planned marketing needs to be developed on a co-ordinated national basis; the place of milk products in Canada's foreign aid program needs to be established - and undoubtedly there is an important place for them; international agreements will likely be seen as desirable in some products, notably skim milk powder; a co-ordinated pricing system and policy will be required for the industry; an effort to explore and fully utilize all opportunities for export of dairy products must be undertaken; a national school milk program must be developed; and the possibilities for assisting adjustment of the industry over the years ahead through alternative production and land use measures will need to be pursued.

The job that needs to be done is big and complex, and will have to be carried out over a period of time. But the present position of overall surplus in the industry, the continued accumulation of butter under the support program, and the rapid development of new products and new consumption habits all make the need for action urgent.

The present problem of the dairy industry has been summed up as a choice between agreement to limit production through marketing quotas on the one hand, and reduced price supports on the other hand. We do not

agree with this description of the problem if it is meant to apply in the immediate short run. But there may well be a long-run choice necessary between these two alternatives. We do not, however, feel that apologies are necessary for asking substantial government expenditures of funds in support of the dairy industry. Nor do we feel that failure to quickly achieve a national orderly marketing plan can be an adequate reason for trying to quickly solve the surplus problem through reducing returns to producers in this vital, in fact basic sector of the farm industry. This would be a solution for no one but the agricultural stabilization administration.

In short, we agree a start must be made toward managed supply of milk but do not accept the view that we are in an extreme crisis of support policy that must be corrected overnight.

The policy instituted in the current year of a consumer subsidy on butter was a good move which has been of very great help to the industry - cutting down the rate of accumulation of the butter surplus and reversing the disastrous decline in butter consumption. The Canadian Federation of Agriculture recognizes that this move must be followed up by instituting some form of quota policy that will make a start toward putting the dairy industry on an orderly basis of tailoring production to demand.

The difficulties that such a program presents are well known. These difficulties reflect the complex nature of dairy pricing and marketing policy, the constitutional problems involved, and the concern

of groups within the industry that their position will not be jeopardized by changing policies.

The Canadian Federation of Agriculture and Dairy Farmers of Canada believe that in meeting the present problems of the dairy industry some national plan and authority must be established. They believe that progress can best be achieved by looking at the problem nationally, and agreeing on broad principles and program. Starting from this, the co-ordinated development of provincial policy should follow more easily. In any event, some kind of national policy requires to be developed.

Our suggestion therefore is that a major conference be held to discuss the problems of the dairy industry, to attempt to arrive at some measure of agreement on next steps. Such a conference should be made up of representatives of provincial and Federal governments, Dairy Farmers of Canada, the Canadian Federation of Agriculture and the National Dairy Council. This Conference should be held reasonably soon, but not too soon to permit thorough advance planning and preparation of advance documentation. It should be held in February of next year.

From such a Conference would emerge, we would hope, some satisfactory basis for Federal dairy policy for the coming dairy year, plus the beginnings of a longer-term basic approach to a national dairy policy.

Grain

A great need at the moment is to consolidate and expand the gains that have been made in recent times in the marketing of western grain - and particularly in the export of western wheat. The success which has been achieved in expanding sales of grain to countries outside our traditional markets, notably to China and Poland, is one of the more hopeful developments in the agricultural picture.

These gains would not have been possible without policies for the extension of reasonable credit to enable purchasing countries to anticipate and plan for meeting their financial commitments, and the Canadian Federation of Agriculture strongly supports the principle of advancing credit for the sale of our grain. Such a policy is very much in the best interests not only of farmers but of the country as a whole.

It is true that these new markets are perhaps, taking any one of them, less dependable than the traditional markets of western Europe and Japan. At the same time it is also probably true that while European markets will be substantially retained they cannot be expected to show any marked expansion in the near future at least. The search then must be for new markets, and here a willingness to advance credit and take reasonable risks is essential. Given such a policy, there is real reason to hope that a great market potential can be increasingly realized.

The successful establishment of a World Food Program is something for which the government, and we think the Canadian Federation of Agriculture, can take a real measure of credit. It is a very hopeful development. At the same time, we should not wait upon the expansion of this multilateral

program before looking toward further opportunities for concessional sales to meet non-commercial food markets in underdeveloped countries.

We think, we might add, that a healthy grain industry would mean for Canadian agriculture that there would not be excessive pressure on western farmers to expand their income opportunities in the dairy and livestock fields, and a better balance in the distribution of agricultural production in Canada would be achieved.

Crop Insurance

A word about crop insurance. We are appreciative that in Canada we have a national crop insurance program, and hope to see it develop to meet the needs of the various regions of Canada. To be successful we believe that the Federal and provincial contributions to the premiums must be increased. We also believe that there are areas in Canada where the risks of crop failure are so extreme that the PFAA type of program is the only one that can be satisfactory.

Feed Grains

Policy respecting feed grains is another field that well illustrates the need to look at problems from an overall national policy viewpoint, at the same time giving close attention to regional needs.

Feed freight assistance is a national policy that serves this country well. It is designed to provide for the effective utilization of western Canadian feed grains across the length and breadth of Canada, on a basis that will roughly equalize opportunities for farmers to produce livestock with those grains. The policy must be considered in relation to national grain marketing policy as embodied in the Canadian Wheat Board. Feed freight assistance is a policy that has been subject to criticism, but not, in our opinion, to

criticism that stands up under examination. As a sound national policy it should be embodied in legislation, giving it permanent form.

We think too that it is consistent with the national nature of this policy that provision should be made for providing freight assistance on Ontario wheat and corn for movements to provinces East of Ontario. Such a policy would give the Ontario commercial producer of these grains a reasonable place in the total national feed grain production and supply picture.

Apart from the question of feed freight assistance itself, there is a good deal of concern about the question of storage and supply of western feed grains in eastern Canada. Legislation on this question is promised.

In connection with this proposed Federal legislation: there is, we think, agreement that a problem does exist. The essence of the problem is that conditions arise where the consumers of western feed grains in Eastern Canada pay more for their feed grains than it would be expected they should in relation to the basic supply and price position in Western Canada. In particular, it is too often the case that an inadequate supply of feed moves into eastern position prior to the close of navigation and the Eastern Canadian price goes up to some degree, taking advantage of the increased cost of hauling all-rail from the Lakehead. The question here is not one of basic price levels for grain. The problem is one of avoiding premiums over that basic price level - premiums which the eastern farmer pays and the western farmer doesn't get.

The Canadian Federation of Agriculture has suggested that this problem might be met by action in three respects.

One proposal is to provide Federal payment of storage on oats and barley in store at the Lakehead over and above some normal amounts. The object of this is to remove risks to the Wheat Board (and therefore to the western farmer) of moving generous supplies of these grains forward to Lakehead position prior to the fall close of navigation.

A second proposal is to make an arrangement for refund of storage charges on western feed grain held in licensed commercial storage in Eastern Canada at the opening of navigation. The purpose of this proposal is to reduce risks of heavy losses from unsold winter stocks at the opening of navigation.

The third proposal is that more systematic co-ordination and management of terminal space availabilities in Eastern Canada is required. The problem is not one of lack of physical storage facilities for the most part, but one of utilization.

Although these are our suggestions we do not mean, of course, that we ~~will~~ not welcome other, perhaps better, solutions and proposals in the field of grain storage if these are forthcoming. There is no doubt that the longer term development of the livestock industry and feed grain supply needs in relation to this development deserves very careful study - and closer study than perhaps we have given it to date. If the government is thinking of legislation based on a concept of planning ahead for the development of the eastern and British Columbia livestock industry we welcome this approach to the problem, and would ask advance consultations on alternative courses of action which might be considered by our organization. It is certainly consistent with the whole theme of this statement that longer-run planning on the basis of a co-ordinated concept of national agricultural policy is our greatest need today.

These views are the result of considerable careful consultation on these problems on a national basis by the Canadian Federation of Agriculture.

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Branch Line Abandonment

We would at this time re-iterate our urgent request, which is before the Government, that further action on branch line abandonment by the Board of Transport Commissioners be halted until a national plan and policy for abandonment has been developed. The Canadian Federation of Agriculture presently has a petition before Privy Council asking that under Section 53 of the Railway Act the Governor-in-Council halt further hearings on abandonment and disallow any orders for abandonment that may be made.

Our policy in this connection is that a piecemeal abandonment of rail lines cannot be a sound policy. A decision to abandon any particular piece of line cannot usually be soundly made unless there is a clear idea of where that line does or does not fit into the eventual pattern of railway line facilities. Unless there is an advance plan, related to a reasonable time schedule, it is not possible for grain companies, rural municipalities or other investors in facilities serving the farmer, to rationally plan their repair and construction programs. With two railways in the picture it is quite necessary that there be co-ordination of abandonment policy. A plan should be based on adequate study and consideration of both the economic and social factors involved in line abandonment. Finally, policies for compensation, special depreciation allowances or other special measures should be considered which may be necessary equitably to provide for the forced abandonment of existing investment on lines to be abandoned, and construction

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of new facilities.

The Canadian Federation of Agriculture is not against rational branch line abandonment in principle. A significant measure of abandonment is no doubt necessary over the years ahead. But it does insist most strongly on the need for advance planning in order to protect the farmer and the public against the consequences of piecemeal abandonment.

Agricultural Education

Not long ago a National Conference on Agricultural Education was held in Ottawa. The final recommendation of this Conference was that it be followed by parallel conferences in the provinces, at which the problems and recommendations outlined by the Ottawa conference would be studied.

It would undoubtedly be true to say that there was little disagreement on two scores: the first is that the record of vocational and technical training in agriculture in Canada leaves much to be desired on the whole - especially in the quantity of such education that is provided.

The second is that the reasons for the relatively small amount of agricultural education and training received by Canada's farmers, are complex, and not attributable to any simple unwillingness on the part of educational authorities to meet requirements. In part the problem is a lack of demand on the part of farmers themselves, and this lack of demand in turn can be traced to a number of causes.

Nevertheless this is an important matter. No progressive and successful industry, and no properly functioning national policy for agriculture can be developed without being based on the participation and understanding and competence of an educated farming population. Moreover, the changing

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technology of agriculture, the growing demand for farmer participation in his own business, the increased demands on the farmer for skilled management, and the emergence of new and demanding concepts of the role of the farmer in rural development, are radically changing the kind of education needed and increasing the amount needed.

Added to these factors are the facts that most farm youth will not be able to look to farming for their livelihood, that there is a growing demand for technical and trained personnel of all kinds to serve the farmer and work in industries serving the farmer, and the size of the problem becomes apparent.

This is not the moment to take a detailed look at the findings of the recent Conference. Our purpose at this time is to underline the importance of this problem, and to urge that the Department of Labour's initiative in proposing and organizing the Federal Conference be followed up with enthusiasm in each province as well as in the Federal field.

In the development of agricultural education in Canada the close participation and leadership of Departments of Agriculture is essential.

